

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**EASTERN IOWA REGIONAL HOUSING AUTHORITY  
DUBUQUE, IOWA**

**June 30, 2007**

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TOSTRUD & TEMP, S.C.  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Eastern Iowa Regional Housing Authority  
Dubuque, Iowa

We have audited the accompanying proprietary funds statement of net assets of the Eastern Iowa Regional Housing Authority, as of June 30, 2007, and the related proprietary funds statements of revenues, expenses and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Eastern Iowa Regional Housing Authority as of June 30, 2007, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have issued our report dated November 5, 2007, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information, including the Schedule of Expenditures of Federal Awards, required by the United States Office of Management and Budget (OMB) Circular A-133, and the Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

*Testrud + Temp, S.C.*

November 5, 2007

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2007

This section of the Eastern Iowa Regional Housing Authority, Dubuque, Iowa's annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on June 30, 2007. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

**FINANCIAL HIGHLIGHTS**

- The term "net assets" refers to the difference between assets and liabilities. The Authority's total net assets as of June 30, 2007 were \$6,882,477. The net assets decreased by \$264,239, a decrease of 3.7% from the prior year.
- The Authority had a net decrease of \$278,616 in the Low Rent Public Housing and Capital Fund Programs, \$45,036 net decrease in the Section 8 Housing Choice Voucher Program, \$2,006 net decrease in the Rural Rental Housing Loans Program, and a \$61,419 net increase in Component Units (Eastern Iowa Regional Housing Corporation - EIRHC).
- Revenues for the Authority were \$4,460,181 for the year ended June 30, 2007. This was an increase of \$119,465 or 2.8% over the prior year.
- Expenses for the Authority were \$4,690,444 for the year ended June 30, 2007. This was an increase of \$119,487 or 2.6% over the prior year.
- Rental revenue for the Authority was \$295,805 for the year ended June 30, 2007, an increase of \$4,797 or 1.6% over the prior year. Intergovernmental revenue for the Authority was \$3,819,391 for the year ended June 30, 2007, an increase of \$25,055 or 0.7% over the prior year. Revenue reported from HUD capital grants for the year ended June 30, 2007 was \$68,157, a decrease of \$86,963 or 56.1% from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information Required by HUD*. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2007

**OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED**

*Required Financial Statements*

The financial statements of the Housing Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Assets includes all the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

*Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

*Supplemental Information*

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information Required By HUD*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2007 and is required to be included in the audit reporting package.

**FINANCIAL ANALYSIS**

Net assets may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets exceeded liabilities by \$6,882,477 at the close of the year ended June 30, 2007 down from \$7,146,716 in fiscal year 2006. The decrease in net assets of \$264,239 was due to the reasons noted below.

- Current and other assets include cash, investments, receivables, prepaid expenses, and assets held for sale. Of the \$31,313 increase in this category, cash and investments decreased \$9,382, receivables increased \$176,403, prepaid expenses increased \$1,093 and assets held for sale decreased \$136,801.
- Of the \$265,391 decrease in non-current assets, capital assets decreased \$265,462 and investment in joint ventures increased \$71. Capital assets decreased because current year depreciation expense exceeded current year capital asset additions. Change in capital assets is explained in section titled "Capital Assets" of this analysis.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2007

**FINANCIAL ANALYSIS - CONTINUED**

- Current liabilities include accounts payable, tenant security deposits, deferred revenue, and current portion of long-term debt. The increase in this category of \$32,294 was mainly due to an increase in deferred revenue of \$8,376 and an increase in accounts payable of \$18,857 which is amounts owed to vendors and contractors for services rendered or goods purchased in the current fiscal year, but paid in the following fiscal year.
- Non-current liabilities decreased \$2,133 due to principal payments applied to long-term debt.

The unrestricted net assets were \$1,331,266 as of June 30, 2007. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for nine months. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

**CONDENSED STATEMENTS OF NET ASSETS**

		<u>FY 2007</u>	<u>FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$	1,500,111	\$ 1,468,798	\$ 31,313	2.1%
Non-current assets		<u>5,915,105</u>	<u>6,180,496</u>	<u>(265,391)</u>	<u>-4.3%</u>
Total Assets		<u>7,415,216</u>	<u>7,649,294</u>	<u>(234,078)</u>	<u>-3.1%</u>
Current liabilities		241,017	208,723	32,294	15.5%
Non-current liabilities		<u>291,722</u>	<u>293,855</u>	<u>(2,133)</u>	<u>-0.7%</u>
Total Liabilities		<u>532,739</u>	<u>502,578</u>	<u>30,161</u>	<u>6.0%</u>
Net Assets					
Invested in capital assets, net of related debt		5,551,211	5,814,683	(263,472)	-4.5%
Unrestricted		<u>1,331,266</u>	<u>1,332,033</u>	<u>(767)</u>	<u>-0.1%</u>
Total Net Assets	\$	<u>6,882,477</u>	<u>7,146,716</u>	<u>\$ (264,239)</u>	<u>-3.7%</u>

The largest portion of the Authority's net assets reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

The 2006 approved capital grant (501-06) totals \$209,688 and was 100.0% expended as of June 30, 2007. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/07, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$131,189	100.0%	Operations
1408	\$ 4,181	100.0%	Management Improvements
1460	\$ 59,654	100.0%	Dwelling Structures
1465	\$ 9,990	100.0%	Dwelling Equipment
1475	\$ 4,674	100.0%	Non-Dwelling Equipment

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2007

**FINANCIAL ANALYSIS - CONTINUED**

The 2006 approved capital grant bonus (502-06) totals \$17,741 and was 100.0% expended as of June 30, 2007. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/07, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$ 17,741	100.0%	Operations

While the Statement of Net Assets shows the change in financial position of net assets, the Statements of Revenues, Expenses, and Changes in Net Assets provides answers as to the nature and source of these changes.

**CHANGES IN NET ASSETS**

	<u>FY 2007</u>	<u>FY 2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues</b>				
Program revenues				
Rental income	\$ 295,805	\$ 291,008	\$ 4,797	1.6%
Intergovernmental revenue	3,819,391	3,794,336	25,055	0.7%
Other operating revenue	243,454	124,626	118,828	95.3%
General revenues				
Interest income	52,214	21,188	31,026	146.4%
HUD capital grants	68,157	155,120	(86,963)	-56.1%
Gain (loss) on disposal of fixed assets	(18,840)	(45,562)	26,722	-58.6%
Total Revenues	<u>4,460,181</u>	<u>4,340,716</u>	<u>119,465</u>	<u>2.8%</u>
<b>Expenses</b>				
Administrative	1,035,854	922,093	113,761	12.3%
Tenant services	2,666	1,252	1,414	112.9%
Utilities	91,862	102,059	(10,197)	-10.0%
Ordinary maintenance & operations	369,602	300,334	69,268	23.1%
General expense	122,225	70,574	51,651	73.2%
Interest expense	20,855	19,994	861	4.3%
Housing assistance payments	2,710,499	2,829,557	(119,058)	-4.2%
Depreciation	336,881	325,094	11,787	3.6%
Total Expenses	<u>4,690,444</u>	<u>4,570,957</u>	<u>119,487</u>	<u>2.6%</u>
Excess (deficiency) before prior period adjustments	(230,263)	(230,241)	(22)	
Prior period adjustments	<u>(33,976)</u>	<u>115,881</u>	<u>(149,857)</u>	
Change in net assets	<u>(264,239)</u>	<u>(114,360)</u>	<u>(149,879)</u>	
Beginning net assets	<u>7,146,716</u>	<u>7,261,076</u>	<u>(114,360)</u>	
Ending net assets	<u>\$ 6,882,477</u>	<u>\$ 7,146,716</u>	<u>\$ (264,239)</u>	



Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2007

**FINANCIAL ANALYSIS – CONTINUED**

As can be seen in the table on the previous page, total revenues increased \$119,465 due to the reasons noted below.

- Rental revenue increased \$4,797 or 1.6% due to an increase in the average rent charge per unit under lease of \$1.71 or 1.1%.
- Of the \$25,055 increase in intergovernmental revenue, public housing operating subsidy received from HUD increased \$21,091, capital fund grants used for operating expenditures increased \$73,057, funding for housing choice voucher assistance decreased \$56,471, revenue from resident opportunity supportive services increased \$11,611, revenue from HOME grant decreased \$22,000, and rural rental housing assistance decreased \$2,233.
- Interest income increased \$31,026 or 146.4% mostly due to higher interest rates.
- HUD capital grants decreased \$86,963 from FY 2006. The Agency is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. Revenue from HUD capital grants during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.
- Gain (loss) on disposal of fixed assets was higher in FY 2006 because the Authority sold three homes compared to two homes in FY 2007.

Total expenses increased by \$107,311 due to the reasons noted below.

- Administrative expenses increased \$113,761 or 12.3% primarily due to an increase in employee wages of \$110,212 or 18.2%. The Authority charged several positions to the Tax Credit development contract in the prior year which was completed in August 2006 and the contract ceased.
- Tenant services increased \$1,414 or 112.9% from FY 2006.
- Of the \$10,197 decrease in utilities, water increased \$1,282 or 8.8%, electricity decreased \$110 or 0.6%, gas decreased \$11,653 or 23.1%, and sewer increased \$284 or 1.5%.
- Ordinary maintenance & operations increased \$69,268 or 23.1% due to an increase in maintenance labor of \$78,393 or 41.2%. The Authority hired a full-time Maintenance Assistant in May 2006 and summer lawn care assistance in May 2007.
- Of the \$51,651 increase in general expense, general insurance increased \$3,100, other general expenses increased \$42,226, payments in lieu of taxes increased \$1,205, and bad debts increased \$5,120.
- Interest expense decreased \$11,315 or 56.6% from FY 2006. Interest expense was higher in prior year due to more interest subsidy from USDA.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2007

**FINANCIAL ANALYSIS – CONTINUED**

- Housing assistance payments decreased \$119,058 or 4.2% due to a 6.0% decrease in vouchers issued and outstanding during FY 2007. Section 8 lease-up rate for FY 2007 was 89.7%, compared to 95.5% for FY 2006. However, EIRHA expended 99.8% of current year housing assistance received from HUD.
- The Authority had an \$11,787 or 3.6% increase in Depreciation which is the write-off of capital assets over their estimated useful life.

EIRHA currently owns and manages 163 public housing units plus an on-site manager unit. These units are located in Dyersville, Bellevue, Manchester, Colesburg, Miles, Sabula, DeWitt, Holy Cross, Hopkinton, Worthington, Delmar, Preston, Peosta, and Wheatland. Overall, the projects maintain a 98.2% occupancy level. There are 84 units of elderly and 79 units of family and one on-site manager unit which is located in Manchester, Iowa. The family housing is scattered site single family homes and duplexes. Currently EIRHA has 4 four-bedroom units, 29 three-bedroom units, 40 two-bedroom units, and 90 one-bedroom units.

EIRHA is authorized to assist 883 households with the Housing Choice Voucher Rental Assistance Program. Of the 883 vouchers, the city of Maquoketa is given priority to their original 156 vouchers under their Annual Contributions Contract that EIRHA assumed. From July 1, 2006 through June 30, 2007, EIRHA served 139 families in the city of Maquoketa. The Section 8 lease up rate for FY 2007 was 89.7%, down from 95.5% in the prior year. However, EIRHA expended 99.8% of current year housing assistance received from HUD. In FY 2005 the Housing Choice Voucher program became completely budget based, as a result of this, fewer families are able to be served.

EIRHC owns 10 one-bedroom USDA units that are designed for the elderly/handicapped/disabled, located in Grand Mound (6 units) and Worthington (4 units). EIRHC is also the general partner/developer for the 24 tax credit units known as Evergreen Meadows. This project is located in Peosta, Iowa and has 3 four-bedroom units, 11 three-bedroom units and 10 two-bedroom units. In addition, EIRHC is general partner/developer for the 32 tax credit units known as Asbury Meadows. This project is located in Asbury, Iowa and has 6 four-bedroom units, 14 three-bedroom units and 12 two-bedroom units.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets*** – The Eastern Iowa Regional Housing Authority, Dubuque, Iowa's investment in capital assets, net of related debt, as of June 30, 2007 amounts to \$5,551,211 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

The total decrease in the Authority's investment in capital assets for the current fiscal year was 4.5% in terms of net book value. Actual expenditures to purchase or construct capital assets were \$71,417 for the year. Of this amount, \$68,157 was used from HUD capital grants and \$3,260 was used from Public Housing residual receipts. The Authority has various contract commitments with contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$336,881. Additional information on the Authority's capital assets can be found in the notes to the financial statements of this report.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2007

**CAPITAL ASSET AND DEBT ADMINISTRATION - CONTINUED**

The USDA project has several mortgages that were used to purchase land and buildings for the Rural Rental Housing Assistance Program. Total mortgage debt as of June 30, 2007 is \$293,844, down from \$295,834 in FY 2005. Additional information on the Authority's long-term debt can be found in the notes to the financial statements of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2008 budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's fiscal year ended June 30, 2004 and will not be adjusted until 2009. Operating expenses are expected to increase by the economy's inflation rate.

The Authority is eligible to receive \$1,594,014 for housing assistance payments and \$257,070 for administrative fees for the months of July 2007 through December 2007 in the Housing Choice Voucher Program. Based on the average housing assistance payment per unit of \$285.17 for FY 2007, the Authority will have sufficient funding to lease 100.0% of its authorized vouchers from July through December 2007. HUD has not established funding levels for the remaining six months of next fiscal year.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

Michelle Schnier  
Director of Housing and Support Services  
Eastern Iowa Regional Housing Authority  
3999 Pennsylvania Avenue, Suite 200  
Dubuque, Iowa 52002.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF NET ASSETS**  
June 30, 2007

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 693,095
Investments	579,107
Accounts receivable	
Tenants	814
HUD	54,314
Other	132,199
Accrued interest	2,326
Deferred charges	16,119
Assets held for sale	22,137
Total current assets	<u>1,500,111</u>

**Non-current assets**

Capital assets, net of accumulated depreciation	5,845,055
Investment in joint ventures	70,050
Total non-current assets	<u>5,915,105</u>

<b>Total assets</b>	<b>\$ <u>7,415,216</u></b>
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**LIABILITIES AND NET ASSETS**

**Current liabilities**

Notes payable - current	\$ 2,122
Accounts payable	
Vendors	128,140
Security deposits	39,113
Accrued liabilities	
Payments in lieu of taxes	18,483
Deferred credits	10,451
Total current liabilities	<u>198,309</u>

**Non-current liabilities**

Notes payable, net of current portion	291,722
Other noncurrent liability	42,708
Total non-current liabilities	<u>334,430</u>

Total liabilities	532,739
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**Net assets**

Invested in capital assets - net of related debt	5,551,211
Unrestricted	1,331,266
Total net assets	<u>6,882,477</u>

<b>Total liabilities and net assets</b>	<b>\$ <u>7,415,216</u></b>
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The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
Year ended June 30, 2007

<b>Operating revenue</b>	
Rental income	\$ 295,805
Intergovernmental revenue	3,819,391
Other operating revenue	<u>243,454</u>
Total operating revenue	4,358,650
<b>Operating expense</b>	
Administration	1,035,854
Tenant services	2,666
Utilities	92,848
Ordinary maintenance and operations	368,616
General expense	122,225
Housing assistance payments	2,710,499
Depreciation	<u>336,881</u>
Total operating expense	<u>4,669,589</u>
Operating income (loss)	(310,939)
<b>Non-operating revenue (expense)</b>	
Interest income	52,214
Interest expense	(20,855)
HUD capital grants	68,157
Gain (loss) on disposal/sale of fixed assets	<u>(18,840)</u>
Total non-operating revenue (expense)	<u>80,676</u>
Change in net assets before prior year adjustments	(230,263)
Prior year adjustment	<u>(33,976)</u>
Change in net assets	(264,239)
Net assets at beginning of year	<u>7,146,716</u>
Net assets at end of year	\$ <u><u>6,882,477</u></u>

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF CASH FLOWS**  
Year ended June 30, 2007

**Increase (Decrease) in Cash and  
Cash Equivalents**

**Cash flows from operating activities**

Cash received from tenants	\$ 298,073
Cash payments to suppliers and employees	(4,188,346)
Grants received from governmental units	3,674,825
Other income received	<u>111,255</u>

Net cash provided by (used in) operating activities	(104,193)
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**Cash flows from capital and related  
financing activities**

Capital expenditures	(71,417)
Net cost of assets held for sale	(167,636)
Proceeds from sale of property	285,597
HUD capital grants received	49,816
Principal payments on notes payable	(1,990)
Interest paid	<u>(20,855)</u>

Net cash provided by (used in) capital and related financing activities	73,515
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**Cash flows from investing activities**

Interest income received	55,343
Net investment transactions	70,893
Prior year adjustments	(33,976)
Investment in joint venture	<u>(71)</u>

Net cash provided by (used in) investing activities	<u>92,189</u>
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Net increase (decrease) in cash and cash equivalents	61,511
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Cash and cash equivalents at beginning of year	<u>631,584</u>
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Cash and cash equivalents at end of year	<u><u>\$ 693,095</u></u>
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**Reconciliation of Operating Income (Loss)  
to Net Cash From Operating Activities**

Operating income (loss)	\$ (310,939)
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**Adjustments to reconcile operating loss to net  
cash from operating activities:**

Depreciation	336,879
(Increase) decrease in accounts receivable	(161,191)
(Increase) decrease in deferred charges	(1,093)
Increase (decrease) in accounts payable	22,570
Increase (decrease) in accrued liabilities	12,264
Increase (decrease) in deferred credits	<u>(2,683)</u>
Total adjustments	<u>206,746</u>

Net cash from operating activities	<u><u>\$ (104,193)</u></u>
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The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2007

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Reporting Entity**

The Eastern Iowa Regional Housing Authority (EIRHA) is organized pursuant to the provisions of Chapter 403A and Chapter 28E of the Code of Iowa for the purposes of owning and providing affordable rental units and rent subsidies to low and moderate income individuals in Dubuque, Delaware, Jackson, Cedar, Clinton and Jones counties excluding the cities of Dubuque and Clinton. The Eastern Iowa Regional Housing Authority board consists of elected directors and housing commissioners from those counties.

As required by generally accepted accounting principles, these financial statements present the Eastern Iowa Regional Housing Authority and its component unit, the Eastern Iowa Regional Housing Corporation (EIRHC). Although it is legally separate from EIRHA, EIRHC is reported as if it were part of the primary government because of the significance of its operational or financial relationship with Eastern Iowa Regional Housing Authority, including having the same board of directors.

EIRHC is a non-profit corporation which owns and operates ten one-bedroom USDA units. EIRHC is also the management agent and general partner/ developer for two low-income housing tax credit projects: Evergreen Meadows and Asbury Meadows. EIRHC has entered into agreements with the Eastern Iowa Regional Housing Authority (EIRHA) and the East Central Intergovernmental Association (ECIA) for staffing services.

**2. Basis of Presentation**

The accounts of the Authority are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The Authority has the following fund:

**Enterprise Fund** - Enterprise funds are used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the government body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2007

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**3. Measurement Focus and Basis of Accounting**

**Measurement Focus** - All Enterprise Funds are accounted for on an economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Enterprise fund type operating statements present increases (revenue) and decreases (expenses) in total net assets.

**Basis of Accounting** - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Enterprise funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The Authority has elected pursuant to GASB Statement 20 to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

**4. Cash Equivalents**

For purposes of the statements of cash flows, the Authority considers cash equivalents to include certificates of deposits having an original maturity of three months or less.

**5. Investments**

The Authority's investments are in time deposits (certificates of deposit) that are stated at fair value, which approximates cost.

**6. Property and Equipment**

Property and equipment is stated at cost. The cost of maintenance and repairs that do not add value to assets or materially extend asset lives is not capitalized. The capitalization policy of the Authority is to capitalize fixed assets costing more than \$500 and expected to last more than one year. Depreciation of all exhaustible property and equipment is charged as an expense against operations. Accumulated depreciation is reported on the Statement of Net Assets. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings	40-50 years
Building and land improvements	5-20 years
Equipment	3-10 years



Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2007

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**7. Budgetary Process**

The Eastern Iowa Regional Housing Authority prepares an annual operating budget with formal board approval prior to the start of its fiscal year. The United States Department of Housing and Urban Development (HUD) requests the Authority keep the budget on file and to submit to HUD the calculation for operating subsidy. The Authority must prepare a revised operating budget only when total expenditures exceed the amount originally budgeted. The revised budget, if needed, is also kept on file at the Authority's office.

**8. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**9. Concentration of Revenues**

The Authority received approximately 88% of its total operating revenues from the federal government. This revenue is subject to federal government budget appropriations and potential funding reductions.

**NOTE B - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2007, are classified in the accompanying financial statements as follows:

Statement of net assets

Cash and cash equivalents	\$	693,095
Investments		579,107
	\$	<u>1,272,202</u>

Cash and investments as of June 30, 2007 consist of the following:

	Carrying Amount	Bank Balance
Demand deposits	\$ 40,066	\$ 46,901
Savings and money market accounts	653,089	653,089
Certificates of deposit	579,107	579,107
	<u>\$ 1,272,202</u>	<u>\$ 1,279,097</u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2007

**NOTE B - CASH DEPOSITS - CONTINUED**

**Investments Authorized by the Authority's Investment Policy**

The Authority is required to invest its funds in accordance with Iowa Statutes. The Authority may consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income is allocated to various funds based on their respective participation in accordance with generally accepted accounting principles. Safety of principal is the foremost objective of the Authority's investment policy.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Authority limits its exposure to interest rate risk by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio. The Authority also structures its investment portfolio so that securities mature to meet cash requirements, avoiding the need to sell securities in the open market prior to maturity. As of year end, the weighted average maturity of the investments in certificates of deposit is 4.2 months.

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority minimizes its credit risk by limiting investment types and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Authority will do business.

**Concentration of Credit Risk**

SFAS 105 defines a concentration of credit risk as an exposure to a number of counterparties engaged in similar activities and having similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Authority diversifies its investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2007

**NOTE B - CASH DEPOSITS - CONTINUED**

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The Authority's deposits at June 30, 2007 were entirely covered by FDIC insurance, collateralized with securities or letters of credit held by the Authority or the Authority's agent in the Authority's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Iowa Code. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The custodial risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Authority does not have an investment policy that would limit the exposure to custodial risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2007

**NOTE C - PROPERTY AND EQUIPMENT**

A summary of changes in property and equipment for each program follows:

	Balance July 1, 2006	Additions & Adjustments	Deletions & Adjustments	Balance June 30, 2007
<b>Public Housing</b>				
Land	\$ 823,786	\$ -	\$ -	\$ 823,786
Land improvement	16,717	-	-	16,717
Buildings	8,736,806	87,681	-	8,824,487
Equipment	148,111	70,700	-	218,811
	<u>9,725,420</u>	<u>158,381</u>	<u>-</u>	<u>9,883,801</u>
Less accumulated depreciation	<u>4,039,442</u>	<u>329,026</u>	<u>-</u>	<u>4,368,468</u>
Totals	\$ <u>5,685,978</u>	\$ <u>(170,645)</u>	\$ <u>-</u>	\$ <u>5,515,333</u>
<b>Public Housing - Capital Fund Program</b>				
Equipment	\$ -	\$ 8,503	\$ -	\$ 8,503
Construction in process	<u>155,121</u>	<u>59,655</u>	<u>155,121</u>	<u>59,655</u>
	<u>155,121</u>	<u>68,158</u>	<u>155,121</u>	<u>68,158</u>
Less accumulated depreciation	<u>5,268</u>	<u>1,152</u>	<u>5,268</u>	<u>1,152</u>
Totals	\$ <u>149,853</u>	\$ <u>67,006</u>	\$ <u>149,853</u>	\$ <u>67,006</u>
<b>Section 8 Housing Choice Vouchers</b>				
Equipment	\$ 29,566	\$ -	\$ -	\$ 29,566
Less accumulated depreciation	<u>13,492</u>	<u>5,407</u>	<u>-</u>	<u>18,899</u>
Totals	\$ <u>16,074</u>	\$ <u>(5,407)</u>	\$ <u>-</u>	\$ <u>10,667</u>
<b>EIRHC - USDA Housing</b>				
Land	\$ 19,664	\$ -	\$ -	\$ 19,664
Buildings	313,461	-	-	313,461
Furniture and equipment	<u>15,664</u>	<u>-</u>	<u>-</u>	<u>15,664</u>
	<u>348,789</u>	<u>-</u>	<u>-</u>	<u>348,789</u>
Less accumulated depreciation	<u>90,177</u>	<u>6,563</u>	<u>-</u>	<u>96,740</u>
Totals	\$ <u>258,612</u>	\$ <u>(6,563)</u>	\$ <u>-</u>	\$ <u>252,049</u>
Grand Total	\$ <u>6,110,517</u>	\$ <u>(115,609)</u>	\$ <u>149,853</u>	\$ <u>5,845,055</u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2007

**NOTE D - NOTES PAYABLE**

Notes payable for EIRHC are payable to United States Department of Agriculture, Rural Housing Services (USDA-RHS). The following mortgage notes payable to USDA-RHS at June 30, 2007 are as follows:

6.5% first mortgage note payable	\$ 109,558
6.5% first mortgage note payable	3,779
7.25% first mortgage note payable	<u>180,507</u>
	293,844
Less current maturities	<u>2,122</u>
 LONG-TERM OBLIGATIONS	 <u>\$ 291,722</u>

United States Department of Agriculture, Rural Housing Services (USDA-RHS) is subsidizing the interest payable on the first mortgage notes, thereby effectively reducing the interest rate to 1%. The USDA-RHS notes are secured by real property and rents and profits of the Authority's USDA Housing Program.

Principal and interest maturities on notes payable are as follows:

<u>Year ended June 30,</u>	<u>EIRHC-Rural Development</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 2,122	\$ 20,398
2009	2,275	20,245
2010	2,439	20,081
2011	2,614	19,906
2012	2,803	19,717
2013-2017	17,354	95,248
2018-2022	24,589	88,013
2023-2027	34,850	77,752
2028-2032	49,409	63,193
2033-2037	70,071	42,531
2038-2042	71,981	14,845
2043-2044	<u>13,337</u>	<u>824</u>
	<u>\$ 293,844</u>	<u>\$482,753</u>

**NOTE E - ACTIVITIES OF THE HOUSING AUTHORITY**

The Eastern Iowa Regional Housing Authority owns and manages 18 Public Housing Projects totaling 163 units in several locations.

The Eastern Iowa Regional Housing Authority is authorized to issue 883 vouchers under the Section 8 Housing Choice Voucher Program. At June 30, 2007, 813 vouchers were under lease in the six-county area served by the Eastern Iowa Regional Housing Authority.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2007

**NOTE F - RELATED PARTY**

The Eastern Iowa Regional Housing Authority, related to the East Central Intergovernmental Association through common management, is provided management services and office space. During the year ended June 30, 2007, the Eastern Iowa Regional Housing Authority paid East Central Intergovernmental Association \$1,142,188 for such services.

**NOTE G - RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past four years.

**NOTE H - CONTINGENT LIABILITY**

Eastern Iowa Regional Housing Corporation (EIRHC) includes Eastern Iowa Development Corporation (EIDC) a wholly-owned subsidiary of EIRHC. EIDC is the general partner and .01% owner of a limited partnership, Eastern Iowa Regional Partnership, L.L.L.P., which was formed for the development and operations of affordable housing in Peosta, Iowa and .01% owner of a limited partnership, Asbury E.I.R.P., L.L.L.P., which was formed for the development and operations of housing for low-income persons in Asbury, Iowa.

**NOTE I - DUE FROM/TO OTHER FUNDS**

For the Statement of Net Assets, the following individual fund interfund receivable and payable balances at June 30, 2007, which are within business-type activities, are netted and eliminated.

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
Low Rent Public Housing	\$ 45,791	\$ -
Capital Fund Program	-	18,341
Resident Opportunity & Supportive Services	-	5,313
Business Activities	-	22,137
Totals	<u>\$ 45,791</u>	<u>\$ 45,791</u>

**SUPPLEMENTAL DATA**

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**COMBINING STATEMENT OF NET ASSETS**  
June 30, 2007

	Low Rent Public Housing	Public Housing Capital Fund	Section 8 Housing Choice Vouchers	Resident Opportunity & Supportive Services	Business Activities	USDA Housing Programs	EIRHC Tax Credit Programs	Subtotal	Total
<b>ASSETS</b>									
<b>Current assets</b>									
Cash and cash equivalents	\$ 277,588	\$ -	\$ 154,617	\$ -	\$ -	\$ 54,708	\$ 206,182	\$ 260,890	\$ 693,095
Investments	316,355	-	262,752	-	-	-	-	-	579,107
Accounts receivable									
Tenants	716	-	-	-	-	98	-	98	814
HUD	25,588	18,341	-	10,385	-	-	-	-	54,314
Other	-	-	14,174	-	-	-	118,025	118,025	132,199
Accrued interest	-	-	2,326	-	-	-	-	-	2,326
Deferred charges	13,902	-	2,217	-	-	-	-	-	16,119
Due from other funds	45,791	-	-	-	-	-	-	-	45,791
Assets held for sale	-	-	-	-	22,137	-	-	-	22,137
Total current assets	679,940	18,341	436,086	10,385	22,137	54,806	324,207	379,013	1,545,902
<b>Non-current assets</b>									
Capital assets, net of accumulated depreciation	5,515,333	67,006	10,667	-	-	252,049	-	252,049	5,845,055
Investment in joint ventures	-	-	-	-	-	-	70,050	70,050	70,050
Total non-current assets	5,515,333	67,006	10,667	-	-	252,049	70,050	322,099	5,915,105
<b>Total assets</b>	<b>\$ 6,195,273</b>	<b>\$ 85,347</b>	<b>\$ 446,753</b>	<b>\$ 10,385</b>	<b>\$ 22,137</b>	<b>\$ 306,855</b>	<b>\$ 394,257</b>	<b>\$ 701,112</b>	<b>\$ 7,461,007</b>
<b>LIABILITIES AND NET ASSETS</b>									
<b>Current liabilities</b>									
Notes payable - current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,122	\$ -	\$ 2,122	\$ 2,122
Accounts payable									
Vendors	55,612	-	49,652	5,072	-	-	17,804	17,804	128,140
Security deposits	36,885	-	-	-	-	2,228	-	2,228	39,113
Accrued liabilities									
Payments in lieu of taxes	18,483	-	-	-	-	-	-	-	18,483
Deferred credits	10,451	-	-	-	-	-	-	-	10,451
Due to other funds	-	18,341	-	5,313	22,137	-	-	-	45,791
Total current liabilities	121,431	18,341	49,652	10,385	22,137	4,350	17,804	22,154	244,100
<b>Non-current liabilities</b>									
Notes payable, net of current portion	-	-	-	-	-	291,722	-	291,722	291,722
Other noncurrent liabilities	6,379	-	36,329	-	-	-	-	-	42,708
Total non-current liabilities	6,379	-	36,329	-	-	291,722	-	291,722	334,430
Total liabilities	127,810	18,341	85,981	10,385	22,137	296,072	17,804	313,876	578,530
<b>Net assets</b>									
Invested in capital assets - net of related debt	5,515,333	67,006	10,667	-	-	(41,795)	-	(41,795)	5,551,211
Unrestricted	552,130	-	350,105	-	-	52,578	376,453	429,031	1,331,266
Total net assets	6,067,463	67,006	360,772	-	-	10,783	376,453	387,236	6,882,477
<b>Total liabilities and net assets</b>	<b>\$ 6,195,273</b>	<b>\$ 85,347</b>	<b>\$ 446,753</b>	<b>\$ 10,385</b>	<b>\$ 22,137</b>	<b>\$ 306,855</b>	<b>\$ 394,257</b>	<b>\$ 701,112</b>	<b>\$ 7,461,007</b>



Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
Year ended June 30, 2007

	Low Rent Public Housing	Public Housing Capital Fund	Section 8 Housing Choice Vouchers	Resident Opportunity & Supportive Services	Business Activities	USDA Housing Programs	EIRHC Tax Credit Programs	Subtotal	Total
<b>Operating revenue</b>									
Rental income	\$ 270,588	\$ -	\$ -	\$ -	\$ -	\$ 25,217	\$ -	\$ 25,217	\$ 295,805
Intergovernmental revenue	304,790	159,272	3,258,320	58,159	22,000	16,850	-	16,850	3,819,391
Other operating revenue	16,540	-	38,977	-	-	1,111	186,826	187,937	243,454
Total operating revenue	591,918	159,272	3,297,297	58,159	22,000	43,178	186,826	230,004	4,358,650
<b>Operating expense</b>									
Administration	317,490	567	595,479	58,159	-	3,368	60,791	64,159	1,035,854
Tenant services	2,666	-	-	-	-	-	-	-	2,666
Utilities	85,754	-	-	-	-	7,094	-	7,094	92,848
Ordinary maintenance and operations	346,954	9,775	5,510	-	-	6,377	-	6,377	368,616
General expense	41,167	-	9,526	-	-	1,213	70,319	71,532	122,225
Housing assistance payments	-	-	2,710,499	-	-	-	-	-	2,710,499
Depreciation	323,758	1,151	5,408	-	-	6,564	-	6,564	336,881
Total operating expense	1,117,789	11,493	3,326,422	58,159	-	24,616	131,110	155,726	4,669,589
Operating income (loss)	(525,871)	147,779	(29,125)	-	22,000	18,562	55,716	74,278	(310,939)
<b>Non-operating revenue (expense)</b>									
Interest income	28,159	-	18,065	-	-	287	5,703	5,990	52,214
Interest expense	-	-	-	-	-	(20,855)	-	(20,855)	(20,855)
HUD capital grants	-	68,157	-	-	-	-	-	-	68,157
Gain (loss) on disposal/sale of fixed assets	-	-	-	-	(18,840)	-	-	-	(18,840)
Total non-operating revenue (expense)	28,159	68,157	18,065	-	(18,840)	(20,568)	5,703	(14,865)	80,676
Change in net assets before transfers/prior year adjustments	(497,712)	215,936	(11,060)	-	3,160	(2,006)	61,419	59,413	(230,263)
Operating transfer	152,090	(148,930)	-	-	(3,160)	-	-	-	-
Equity transfer	149,853	(149,853)	-	-	-	-	-	-	-
Prior year adjustment	-	-	(33,976)	-	-	-	-	-	(33,976)
<b>Change in net assets</b>	(195,769)	(82,847)	(45,036)	-	-	(2,006)	61,419	59,413	(264,239)
<b>Net assets at beginning of year</b>	6,263,232	149,853	405,808	-	-	12,789	315,034	327,823	7,146,716
<b>Net assets at end of year</b>	\$ 6,067,463	\$ 67,006	\$ 360,772	\$ -	\$ -	\$ 10,783	\$ 376,453	\$ 387,236	\$ 6,882,477

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**COMBINING STATEMENT OF CASH FLOWS**  
Year ended June 30, 2007

Increase (Decrease) in Cash and Cash Equivalents	Low Rent Public Housing	Public Housing Capital Fund	Section 8 Housing Choice Vouchers	Resident Opportunity & Supportive Services	Business Activities	USDA Housing Programs	EIRHC Tax Credit Programs	Subtotal	Total
<b>Cash flows from operating activities</b>									
Cash received from tenants	\$ 272,954	\$ -	\$ -	\$ -	\$ -	\$ 25,119	\$ -	\$ 25,119	\$ 298,073
Cash payments to suppliers and employees	(780,317)	(10,342)	(3,321,647)	(57,800)	-	(18,240)	-	(18,240)	(4,188,346)
Grants received from governmental units	279,202	159,272	3,258,320	52,487	22,000	16,850	(113,306)	(96,456)	3,674,825
Other income received	16,540	-	24,803	-	-	1,111	68,801	69,912	111,255
Net cash provided by (used in) operating activities	(211,621)	148,930	(38,524)	(5,313)	22,000	24,840	(44,505)	(19,665)	(104,193)
<b>Cash flows from non-capital financing activities operating transfers</b>	152,090	(148,930)	-	-	(3,160)	-	-	-	-
<b>Cash flows from capital and related financing activities</b>									
Due to/due from other funds	(45,791)	18,341	-	5,313	22,137	-	-	-	-
Capital expenditures	(3,260)	(68,157)	-	-	-	-	-	-	(71,417)
Net cost of assets held for sale	158,938	-	-	-	(326,574)	-	-	-	(167,636)
Proceeds from sale of property	-	-	-	-	285,597	-	-	-	285,597
HUD capital grants received	-	49,816	-	-	-	-	-	-	49,816
Principal payments on notes payable	-	-	-	-	-	(1,990)	-	(1,990)	(1,990)
Interest paid	-	-	-	-	-	(20,855)	-	(20,855)	(20,855)
Net cash provided by (used in) capital and related financing activities	109,887	-	-	5,313	(18,840)	(22,845)	-	(22,845)	73,515
<b>Cash flows from investing activities</b>									
Interest income received	30,323	-	19,030	-	-	287	5,703	5,990	55,343
Net investment transactions	(16,355)	-	87,248	-	-	-	-	-	70,893
Prior year adjustments	-	-	(33,976)	-	-	-	-	-	(33,976)
Investment in joint venture	-	-	-	-	-	-	(71)	(71)	(71)
Net cash provided by (used in) investing activities	13,968	-	72,302	-	-	287	5,632	5,919	92,189
Net increase (decrease) in cash and cash equivalents	64,324	-	33,778	-	-	2,282	(38,873)	(36,591)	61,511
Cash and cash equivalents at beginning of year	213,264	-	120,839	-	-	52,426	245,055	297,481	631,584
Cash and cash equivalents at end of year	\$ 277,588	\$ -	\$ 154,617	\$ -	\$ -	\$ 54,708	\$ 206,182	\$ 260,890	\$ 693,095
<b>Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities</b>									
Operating income (loss)	\$ (525,871)	\$ 147,779	\$ (29,125)	\$ -	\$ 22,000	\$ 18,562	\$ 55,716	\$ 74,278	\$ (310,939)
Adjustments to reconcile operating loss to net cash from operating activities:									
Depreciation	323,758	1,151	5,407	-	-	6,563	-	6,563	336,879
(Increase) decrease in accounts receivable	(18,509)	-	(14,174)	(10,385)	-	(98)	(118,025)	(118,123)	(161,191)
(Increase) decrease in deferred charges	(1,114)	-	21	-	-	-	-	-	(1,093)
Increase (decrease) in accounts payable	5,012	-	(5,333)	5,072	-	15	17,804	17,819	22,570
Increase (decrease) in accrued liabilities	7,584	-	4,680	-	-	-	-	-	12,264
Increase (decrease) in deferred credits	(2,481)	-	-	-	-	(202)	-	(202)	(2,683)
Total adjustments	314,250	1,151	(9,399)	(5,313)	-	6,278	(100,221)	(93,943)	206,746
Net cash from operating activities	\$ (211,621)	\$ 148,930	\$ (38,524)	\$ (5,313)	\$ 22,000	\$ 24,840	\$ (44,505)	\$ (19,665)	\$ (104,193)

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year ended June 30, 2007

<u>Federal Grantor</u>	<u>Federal C.F.D.A. Number</u>	<u>Accrual Basis Amount</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Low-Rent Public Housing		
Operating subsidy	14.850a	\$ 304,790
Capital Fund Program	14.872	227,429
Housing Assistance Payment Program		
Housing Choice Vouchers	*14.871	3,258,320
Resident Opportunity and Supportive Services	14.870	58,159
Home Investments Partnership Program	14.239	22,000
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
Rural Rental Housing Loans	10.415	<u>16,850</u>
<b>TOTAL FEDERAL AWARDS</b>		<b>\$ <u>3,887,548</u></b>

\* Denotes major program

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**FINANCIAL DATA SCHEDULE**  
June 30, 2007

Line Item Number	Account Description	Business Activities	Rural Rental Housing Loans 10.415	HOME Investment Partnerships Program	Low- Rent Public Housing 14.850	Resident Opportunity & Supportive Services 14.870	Section 8 Housing Choice Vouchers 14.871	Public Housing Capital Fund Program 14.872	Component Units	Total
111	Cash - unrestricted	-	15,190	-	234,324	-	118,288	-	206,182	573,984
113	Cash - other restricted	-	37,254	-	6,379	-	36,329	-	-	79,962
114	Cash - tenant security deposits	-	2,264	-	36,885	-	-	-	-	39,149
100	Total cash	-	54,708	-	277,588	-	154,617	-	206,182	693,095
122	Accounts receivable - HUD	-	-	-	25,588	10,385	-	18,341	-	54,314
125	Accounts receivable - miscellaneous	-	-	-	-	-	-	-	118,025	118,025
126	Accounts receivable - tenants - dwelling rents	-	98	-	716	-	-	-	-	814
128	Fraud Recovery	-	-	-	-	-	21,155	-	-	21,155
128.1	Allowance for doubtful accounts-fraud	-	-	-	-	-	(6,981)	-	-	(6,981)
129	Accrued interest receivable	-	-	-	-	-	2,326	-	-	2,326
120	Total receivables, net of allowances for doubtful accounts	-	98	-	26,304	10,385	16,500	18,341	118,025	189,653
131	Investments - unrestricted	-	-	-	316,355	-	262,752	-	-	579,107
142	Prepaid expenses	-	-	-	13,902	-	2,217	-	-	16,119
144	Interprogram due from	-	-	-	45,791	-	-	-	-	45,791
145	Assets held for sale	22,137	-	-	-	-	-	-	-	22,137
150	Total current assets	22,137	54,806	-	679,940	10,385	436,086	18,341	324,207	1,545,902
161	Land	-	19,664	-	823,786	-	-	-	-	843,450
162	Buildings	-	313,461	-	8,824,487	-	-	-	-	9,137,948
163	Furniture, equipment and machinery - dwellings	-	14,520	-	26,195	-	-	775	-	41,490
164	Furniture, equipment and machinery - administration	-	1,144	-	192,616	-	29,566	7,728	-	231,054
165	Leasehold improvements	-	-	-	16,717	-	-	-	-	16,717
166	Accumulated depreciation	-	(96,740)	-	(4,368,468)	-	(18,899)	(1,152)	-	(4,485,259)
167	Construction in progress	-	-	-	-	-	-	59,655	-	59,655
160	Total fixed assets, net of accumulated depreciation	-	252,049	-	5,515,333	-	10,667	67,006	-	5,845,055
176	Investments in joint ventures	-	-	-	-	-	-	-	70,050	70,050
180	Total non-current assets	-	252,049	-	5,515,333	-	10,667	67,006	70,050	5,915,105
190	Total assets	22,137	306,855	-	6,195,273	10,385	446,753	85,347	394,257	7,461,007
312	Accounts payable <=90 days	-	-	-	55,612	5,072	49,652	-	17,804	128,140
333	Accounts payable - other government	-	-	-	18,483	-	-	-	-	18,483
341	Tenant security deposits	-	2,228	-	36,885	-	-	-	-	39,113
342	Deferred revenues	-	-	-	10,451	-	-	-	-	10,451
343	Current portion of a long-term debt - capital projects/mortgage revenue bonds	-	2,122	-	-	-	-	-	-	2,122
347	Interprogram due to	22,137	-	-	-	5,313	-	18,341	-	45,791
310	Total current liabilities	22,137	4,350	-	121,431	10,385	49,652	18,341	17,804	244,100
351	Long-term debt, net of current - capital projects/mortgage revenue bonds	-	291,722	-	-	-	-	-	-	291,722
353	Noncurrent liabilities - other	-	-	-	6,379	-	36,329	-	-	42,708
350	Total noncurrent liabilities	-	291,722	-	6,379	-	36,329	-	-	334,430
300	Total liabilities	22,137	296,072	-	127,810	10,385	85,981	18,341	17,804	578,530
508.1	Invested in capital assets, net of related debt	-	(41,795)	-	5,515,333	-	10,667	67,006	-	5,551,211
512.1	Unrestricted net assets	-	52,578	-	552,130	-	350,105	-	376,453	1,331,266
513	Total equity/net assets	-	10,783	-	6,067,463	-	360,772	67,006	376,453	6,882,477
600	Total liabilities and equity/net assets	22,137	306,855	-	6,195,273	10,385	446,753	85,347	394,257	7,461,007

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**FINANCIAL DATA SCHEDULE - CONTINUED**  
June 30, 2007

Line Item Number	Account Description	Business Activities	Rural Rental Housing Loans 10.415	HOME Investment Partnerships Program	Low- Rent Public Housing 14.850	Resident Opportunity & Supportive Services 14.870	Section 8 Housing Choice Vouchers 14.871	Public Housing Capital Fund Program 14.872	Public Housing Capital Fund Program 14.872	Total
703	Net tenant rental revenue	-	25,217	-	270,588	-	-	-	-	295,805
704	Tenant revenue - other	-	1,111	-	8,841	-	-	-	-	9,952
705	Total tenant revenue	-	26,328	-	279,429	-	-	-	-	305,757
706	HUD PHA operating grants	-	-	22,000	304,790	58,159	3,258,320	159,272	-	3,802,541
706.1	Capital grants	-	-	-	-	-	-	68,157	-	68,157
708	Other government grants	-	16,850	-	-	-	-	-	-	16,850
711	Investment income - unrestricted	-	105	-	28,159	-	18,065	-	5,703	52,032
713	Proceeds from disposition of assets held for sale	285,597	-	-	-	-	-	-	-	285,597
713.1	Cost of sale of assets	(304,437)	-	-	-	-	-	-	-	(304,437)
714	Fraud recovery	-	-	-	-	-	32,621	-	-	32,621
715	Other revenue	-	-	-	7,699	-	6,356	-	186,826	200,881
720	Investment income - restricted	-	182	-	-	-	-	-	-	182
700	Total revenue	(18,840)	43,465	22,000	620,077	58,159	3,315,362	227,429	192,529	4,460,181
911	Administrative salaries	-	1,470	-	186,091	-	471,694	-	56,213	715,468
912	Auditing fees	-	-	-	2,450	-	2,450	-	-	4,900
913	Outside management fees	-	1,395	-	-	-	-	-	-	1,395
916	Other operating - administrative	-	503	-	128,949	58,159	121,335	567	4,578	314,091
924	Tenant services - other	-	-	-	2,666	-	-	-	-	2,666
931	Water	-	1,167	-	14,601	-	-	-	-	15,768
932	Electricity	-	3,260	-	15,100	-	-	-	-	18,360
933	Gas	-	-	-	38,853	-	-	-	-	38,853
938	Other utilities expense	-	1,681	-	17,200	-	-	-	-	18,881
941	Ordinary maintenance & operations - labor	-	-	-	268,668	-	-	-	-	268,668
942	Ordinary maintenance & operations - materials and others	-	107	-	31,385	-	-	9,775	-	41,267
943	Ordinary maintenance & operations - contract costs	-	7,256	-	46,901	-	5,510	-	-	59,667
961	Insurance premiums	-	1,213	-	22,855	-	495	-	-	24,563
962	Other general expenses	-	-	-	-	-	2,050	-	70,319	72,369
963	Payments in lieu of taxes	-	-	-	18,483	-	-	-	-	18,483
964	Bad debt - tenant rents	-	-	-	(171)	-	-	-	-	(171)
966	Bad debt - other	-	-	-	-	-	6,981	-	-	6,981
967	Interest expense	-	20,855	-	-	-	-	-	-	20,855
969	Total operating expenses	-	38,907	-	794,031	58,159	610,515	10,342	131,110	1,643,064
970	Excess operating revenue over operating expenses	(18,840)	4,558	22,000	(173,954)	-	2,704,847	217,087	61,419	2,817,117
973	Housing assistance payments	-	-	-	-	-	2,710,499	-	-	2,710,499
974	Depreciation expense	-	6,564	-	323,758	-	5,408	1,151	-	336,881
900	Total expenses	-	45,471	-	1,117,789	58,159	3,326,422	11,493	131,110	4,690,444
1001	Operating transfers in	18,840	-	-	152,090	-	-	-	-	170,930
1002	Operating transfers out	-	-	(22,000)	-	-	-	(148,930)	-	(170,930)
1010	Total other financing sources (uses)	18,840	-	(22,000)	152,090	-	-	(148,930)	-	-
1000	Excess (deficiency) of operating revenue over (under) expenses	-	(2,006)	-	(345,622)	-	(11,060)	67,006	61,419	(230,263)
1103	Beginning equity	-	12,789	-	6,263,232	-	405,808	149,853	315,034	7,146,716
1104	Prior period adjustments, equity transfers and correction of errors	-	-	-	149,853	-	(33,976)	(149,853)	-	(33,976)
1120	Unit months available	-	120	-	1,956	-	9,524	-	-	11,600
1121	Number of unit months leased	-	120	-	1,915	-	9,505	-	-	11,540
1117	Administrative fee equity	-	-	-	-	-	344,964	-	-	344,964
1118	Housing assistance payments equity	-	-	-	-	-	15,808	-	-	15,808

**OTHER REPORTS**

# TOSTRUD & TEMP, S.C.

*Certified Public Accountants*

## **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Eastern Iowa Regional Housing Authority  
Dubuque, Iowa

We have audited the financial statements of the Eastern Iowa Regional Housing Authority, Dubuque, Iowa as of and for the year ended June 30, 2007 and have issued our report thereon dated November 5, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the Eastern Iowa Regional Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Eastern Iowa Regional Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the board of commissioners, and grantor agencies. However, this report is a matter of public record and its distribution is not limited.

*Tostrud + Temp, S.C.*

November 5, 2007



# TOSTRUD & TEMP, S.C.

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors  
Eastern Iowa Regional Housing Authority  
Dubuque, Iowa

### Compliance

We have audited the compliance of the Eastern Iowa Regional Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. The Authority's major federal program is identified in the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

### Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the governing board, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Testrud + Temp, S.C.*

November 5, 2007

Eastern Iowa Regional Housing Authority  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year ended June 30, 2007

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? ☐ yes ☒ no

Reportable condition(s) identified not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to the financial statements? ☐ yes ☒ no

Federal Awards

Internal control over financial reporting:

Material weakness identified? ☐ yes ☒ no

Reportable condition(s) identified not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 Section .510(1)? ☐ yes ☒ no

Identification of major federal program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Voucher Program

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as a low-risk auditee? ☒ yes ☐ no

**Section II - Financial Statement Findings**

NONE

**Section III - Federal Findings and Questioned Costs**

NONE

**Status of Prior Audit Findings**

There were no prior year audit findings.